

DD/A 75-3867

19 AUG 1975

MEMORANDUM FOR: Director of Central Intelligence
SUBJECT : Management by Objectives

Sir:

1. The following is provided for your information and comment as it relates to continued application of Management by Objectives (MBO).

2. Management by Objectives was accepted as a management philosophy approximately two years ago. It has been implemented variously among the separate Directorates. To foster better understanding of MBO, the Office of Training has conducted four three-day seminars this past spring with participation of personnel from all Directorates and the ECI area. Two University of Maryland professors have conducted the seminars. In addition to teaching concepts of MBO, the seminars served to identify some of the shortcomings of CIA's present use of MBO, and provided some suggestions as to possible changes for improvement. (Attached is a listing of student perceptions of CIA's current management system which, although a limited sampling, does provide attitudes toward MBO.)

3. It might be argued that time does not now permit more in-depth attention to MBO although, on the other hand, it might be just the right time to approach the upgrading of this management concept. The appearance of positive actions might be good for the morale of employees and also serve to show our critics that we are not being totally passive. It does seem, at the very least, that the Agency should address the question of its management style and make a conscious determination as to whether we continue as we are or move positively in some direction. One thing seems quite clear as pointed out in the student perceptions--in spite of deficiencies, MBO in the Agency is resulting in improved planning, coordinating, and communication.

4. While it is true an OTR training course cannot correct the deficiencies in a management system, it can contribute to an improved level of interest and knowledge of the basic system. Four options seem to be open: (1) conduct a course emphasizing primarily the theory of MBO; (2) establish an MBO workshop addressing the specific needs of a particular office with participation limited to the component concerned; (3) pursue a course somewhat similar to that which has been run by OTR with a combination of MBO theory and some workshop application; and (4) drop the matter of MBO training. Given the current climate in the Agency, which tends to preclude a concentration of time and effort on this matter, it is our belief that option 3 (pursuing a combination MBO theory and workshop application) will provide sufficient exposure for a relatively large number of personnel throughout the Agency and will maintain a level of interest and involvement in the MBO system.

5. Incidentally, it may be worth considering the cost of implementing MBO within the DD/A. Using as a general guideline time spent in meetings at all levels, i.e., my bi-monthly individual meeting with each Office Director to review progress toward accomplishing objectives, and revise as necessary; Office and below, whenever directly related to the MBO program; time spent in preparation of reports for MBO meetings; clerical and secretarial time; and time spent in training in the MBO process, we estimate the total cost for the Directorate as \$298,162. The cost is considered small indeed for what we consider to be the management advantages of using this system.

6. I should be grateful for your comments, and advice as to whether you would desire us to pursue option 3, mentioned in paragraph 4 above.

Signed: John F. Blake

John F. Blake
Deputy Director
for
Administration

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EO-DD/ [] j1 (15 August 1975)

Rewritten: DD/A:JFBlake:der (19 August 1975)